

DEPARTMENT OF FOOD AND AGRICULTURE

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William (Bill) J. Lyons, Jr., Secretary

August 16, 2001

TO THE PERSON ADDRESSED:

Earlier this summer, the Department solicited comments from the dairy industry and other interested parties about the availability of market milk supplies for Class 1 and mandatory Class 2 uses and whether the milk movement requirements should be implemented during this coming fall and winter. The Department received three written comments, all in support of implementation. In addition, comments were received from eight witnesses during the public hearings held on June 28 and July 2. Seven of the witnesses supported implementation, and one did not. The Department appreciate receiving comments from all of the individuals and organizations that responded during the comment period.

As a result of the review process, the Department has decided to implement the milk movement performance standard at the 90 percent level for the period September 1, 2001 to April 30, 2002. Enclosed for your information is a copy of the milk movement provisions. Only designated supply handlers are listed in the enclosed service schedules.

As a reminder, any plant making a call upon a designated supply handler must certify that it has met the requirement of 80 percent or more Class 1 usage and less than 5 percent Class 4a and 4b usage during the seven days prior to making the call. Any such certification will be subject to an audit.

The availability of market milk supplies for Class 1 purposes will be closely monitored. The Department may, on it's own motion, modify the milk movement requirements on 15 days notice if it later determines that supplies of market milk for Class 1 uses have substantially changed. The Department may also terminate the milk movement requirements on 10 days notice if it determines that supplies of market milk for Class 1 uses have substantially increased.

In accordance with the Milk Movement Requirements, a sample certification form that a call handler can use when requesting market milk is enclosed. To initiate the call process, the call handler should contact the designated supply handler and the Dairy Marketing Branch with the necessary information shown on the sample certificate.

Sincerely,

A handwritten signature in cursive script that reads "David Ikari".

David K. Ikari, Chief
Dairy Marketing Branch

enclosures

CALL HANDLER CERTIFICATION FORM

Any call handler who makes a call upon a designated supply handler for market milk must file a certification form with the Department and with the designated supply handler. The certification form will stipulate that the market milk requested will be used for Class 1 purposes and that the call handler meets the standards of a call handler. The following is a sample certification form.

In making a call, the first listed designated supply handler for the current week must be contacted. Only if this handler states that they have already met the 90% utilization requirement can the next handler be called.

Certification of a Call Handler's Request for
Bulk Market Milk from a Designated Supply Handler

Call Handler Requesting Milk _____

Designated Supply Handler Asked to Supply Milk _____

Call Handler certifies that it meets the standards of a call handler as specified in Section 100.7 of the Stabilization and Marketing Plan. It satisfies the requirement of 80% or more Class 1 usage and less than 5% Class 4a and 4b usage during the seven-day period immediately prior to the date of making this call. The market milk it has requested will be used only for Class 1 purposes.

Name _____

Title _____

Signature _____

Date _____

NOTE: Please send the Department's Copy to:

Dairy Marketing Branch
1220 N Street, Room A-224
Sacramento, CA 95814
FAX: (916) 654-0867

**MILK MOVEMENT PROVISIONS PURSUANT TO THE
STABILIZATION AND MARKETING PLANS FOR MARKET MILK, AS AMENDED**

Effective September 1, 2001

Definitions

The following definitions were extracted from the Stabilization and Marketing Plans for Market Milk and are relevant to the Milk Movement Requirements.

"Call handler" means any handler as defined in Section 100.6 Paragraphs (A), (B), and (D) of said Plans, who, for the seven days prior to making a call, certifies that his total direct and derived solids-not-fat Class 1 usage equals or exceeds 80% of such handler's total market milk solids-not-fat received or diverted and whose direct and derived solids-not-fat Class 4a and 4b usage does not exceed 5% of such handler's total market milk solids-not-fat received or diverted.

"Supply handler" means any handler that does not qualify as a call handler.

"Designated supply handler" means any supply handler for any month who has been designated by the Department as subject to call handler requests in accordance with the provisions of Section 500.3 of said Plans.

"Procurement region" means a prescribed area in which a call handler and a supply handler are both located and in which the call provisions of the said Plans are effective.

(a) The relevant prescribed areas shall be:

Procurement Region 1 - Southern California Marketing Area and the counties of Kern, Kings, Tulare and Fresno.

Procurement Region 2 - Northern California Marketing Area, except for the counties of Del Norte, Humboldt, Kern, Kings, Tulare and Fresno.

(b) All handlers defined in Section 100.6 Paragraphs (A), (B) and (D) of said Plans shall act as either supply (including designated supply handlers) or call handlers in the procurement region in which their plant is located.

(c) A handler defined in Section 100.6 Paragraph (C) of said Plans shall be a supply handler (and possibly a designated supply handler) for the procurement region in which such handler delivers the greatest volume of milk.

Milk Movement Requirements

The milk movement requirements shall be in effect from September 1, 2001 through April 30, 2002, unless the Department terminates the requirements sooner after making a determination that they are no longer necessary.

Each calendar week, a minimum percentage of quota solids-not-fat must have been used for Class 1 and mandatory Class 2 purposes by any designated supply handler before any such handler is exempt from the milk movement requirements for the remainder of that calendar week. The quantity of quota solids-not fat that must be made available by a designated supply handler during any week shall be determined on a calendar week basis, reflecting a prorata percentage of such handler's current monthly total. The following minimum percentages are established for each relevant procurement region:

<u>Procurement Region</u>	<u>Minimum Percentage of Quota Solids-Not-Fat That Must Be Made Available by Designated Supply Handlers on a Calendar Week Basis</u>
No. 1 Southern California Marketing Area and the counties of Kern, Kings, Tulare and Fresno	90
No. 2 Northern California Marketing Area, except for the counties of Del Norte, Humboldt, Kern, Kings, Tulare and Fresno	90

Procedures to Call or Release Milk

A call handler shall place requests for fluid milk in sequential order starting with the designated supply handler selected as first supplier for the week.

In addition to the minimum prices established for Class 1 usage, each designated supply handler may charge a call handler for services performed in a sale of bulk market milk for Class 1 use. Such additional charge for bulk milk shall not exceed:

- (a) The actual rate charged under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rate exists,
- (b) The prevailing rates charged by other supply handlers in the procurement region under like terms and conditions for the same or similar bulk milk handling services provided to other bulk milk purchasers, or if no such rates exist,
- (c) A rate subject to review or approval by the Department.

Any handler who has been specified by the Department as a designated supply handler shall be eliminated as a designated supply handler if such handler can demonstrate within 25 days after the announcement by the Department that since the previous year, such handler no longer qualifies as a designated supply handler.

Any call handler, who is unable to procure bulk market milk upon call from a designated supply handler, may file a complaint with the Department of Food and Agriculture against each designated supply handler who refused to make milk available under the requirements herein.

Upon receipt of a complaint pursuant to Section 500.5 of the Stabilization and Marketing Plan, the Department shall review the reasonableness of the terms offered by the seller and determine the validity of any refusal to release the bulk market milk requested. If the Department

determines that the complaint against the designated supply handler or handlers is justified, a charge of two dollars (\$2.00) per hundredweight shall be assessed against the designated supply handler or handlers for each hundredweight of bulk milk requested, but not supplied. In reviewing the reasonableness of the terms offered by the seller, the Department shall consider the following as being reasonable:

- (a) The order for bulk milk shall be placed at least 48 hours prior to delivery.
- (b) The seller may require payment on delivery.
- (c) Minimum delivery volume shall be not less than 5,000 gallons per day.
- (d) Transportation terms that are accepted as normal practice.
- (e) The presence of a certification by the call handler that such handler qualifies as a call handler and that the milk requested will be used for Class 1 purposes.

Any call handler who makes a call upon a designated supply handler for market milk must file a certification form with the Department and with such designated supply handler that the market milk requested will be used for Class 1 purposes and that such call handler meets the standards of a call handler. All market milk released by a designated supply handler to a call handler shall be credited 100% for performance purposes.

Any call handler filing a certification form will be audited. If it is determined that any call handler who received market milk after certification did not meet the terms of such certification and/or was not a qualified call handler during the week for which the delivery and receipt of market milk was made shall be assessed two dollars (\$2.00) per hundredweight for each hundredweight of market milk received under the certification.

Amounts assessed shall be added to the handler's obligation account and credited to the solids-not-fat producer equalization fund as such is established in the Pooling Plan for Market Milk.

Designated supply handlers and the quantity, expressed as a percentage, of quota solids-not-fat that each designated supply handler must make available on a calendar week basis are listed for each region on the next three pages.

2001 – 2002 Designated Supply Handlers for Procurement Region 1
Southern California Marketing Area Including the Counties of Fresno, Kern, Kings and Tulare

Page 1 of 2

Period 1

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 1:</u>	<u>Phone Number:</u>
September 1 – 7	90	1. California Dairies, Inc.	(562) 865 – 1291
September 22 – 28	90	2. Dairy Farmers of America	(909) 737 – 9260
October 13 – 19	90	3. Leprino Foods, Inc.	(559) 924 – 7722
November 3 – 9			
November 24 – 30			
December 15 – 21			
January 5 – 11			
January 26 – February 1			
February 16 – February 22			
March 9 – 15			
March 30 – April 5			
April 20 – 26			

Period 2

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 2:</u>	<u>Phone Number:</u>
September 8 – 14	90	1. Dairy Farmers of America	(909) 737 – 9260
September 29 – October 5	90	2. Leprino Foods, Inc.	(559) 924 – 7722
October 20 – 26	90	3. California Dairies, Inc.	(562) 865 – 1291
November 10 – 16			
December 1 – 7			
December 22 – 28			
January 12 – 18			
February 2 – 8			
February 23 – March 1			
March 16 – 22			
April 6 – 12			
April 27 – April 30			

2001 – 2002 Designated Supply Handlers for Procurement Region 1

Southern California Marketing Area Including the Counties of Fresno, Kern, Kings and Tulare

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Period 3

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 3:</u>	<u>Phone Number:</u>
September 15 – 21	90	1. Leprino Foods, Inc.	(559) 924 – 7722
October 6 – 12	90	2. California Dairies, Inc.	(562) 865 – 1291
October 27 – November 2	90	3. Dairy Farmers of America	(909) 737 – 9260
November 17 – 23			
December 8 – 14			
December 17 – 23			
December 29 – January 4, 2002			
January 19 – 25			
January 28 – February 3			
February 9 – 15			
March 2 – 8			
March 23 – 29			
April 13 – 19			

2001 – 2002 Designated Supply Handlers for Procurement Region 2

*Northern California Marketing Area Excluding the Counties of
Fresno, Kern, Kings, Tulare, Del Norte and Humboldt*

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Period 1

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 1:</u>	<u>Phone Number:</u>
September 1 – 7	90	1. F & A Dairy, Inc.	(209) 862 – 1732
November 3 – 9	90	2. Nat'l Farmers' Organization	(209) 634 – 6455
January 5 – 11	90	3. Dairy Farmers of America	(707) 763 – 1931
March 9 – 15	90	4. Land O' Lakes	(530) 865 – 7626
	90	5. Hilmar Cheese	(209) 667 – 6076
	90	6. Central Valley Dairymen	(209) 551 – 2667
	90	7. California Dairies, Inc.	(562) 865 – 1291
	90	8. Nestle USA Food Group, Inc.	(209) 574 – 2000
	90	9. Cal-West Dairymen	(925) 939 – 3349

Period 2

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 2:</u>	<u>Phone Number:</u>
September 8 – 14	90	1. Nat'l Farmers' Organization	(209) 634 – 6455
November 10 – 16	90	2. Dairy Farmers of America	(707) 763 – 1931
January 12 – 18	90	3. Land O' Lakes	(530) 865 – 7626
March 16 – 22	90	4. Hilmar Cheese	(209) 667 – 6076
	90	5. Central Valley Dairymen	(209) 551 – 2667
	90	6. California Dairies, Inc.	(562) 865 – 1291
	90	7. Nestle USA Food Group, Inc.	(209) 574 – 2000
	90	8. Cal-West Dairymen	(925) 939 – 3349
	90	9. F & A Dairy, Inc.	(209) 862 – 1732

Period 3

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 3:</u>	<u>Phone Number:</u>
September 15 – 21	90	1. Dairy Farmers of America	(707) 763 – 1931
November 17 – 23	90	2. Land O' Lakes	(530) 865 – 7626
January 19 – 25	90	3. Hilmar Cheese	(209) 667 – 6076
March 23 – 29	90	4. Central Valley Dairymen	(209) 551 – 2667
	90	5. California Dairies, Inc.	(562) 865 – 1291
	90	6. Nestle USA Food Group, Inc.	(209) 574 – 2000
	90	7. Cal-West Dairymen	(925) 939 – 3349
	90	8. F & A Dairy, Inc.	(209) 862 – 1732
	90	9. Nat'l Farmers' Organization	(209) 634 – 6455

2001 – 2002 Designated Supply Handlers for Procurement Region 2 (continued)

*Northern California Marketing Area Excluding the Counties of
Fresno, Kern, Kings, Tulare, Del Norte and Humboldt*

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Period 4

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 4:</u>	<u>Phone Number:</u>
September 22 – 28	90	1. Land O' Lakes	(530) 865 – 7626
November 24 – 30	90	2. Hilmar Cheese	(209) 667 – 6076
January 26 – February 1	90	3. Central Valley Dairymen	(209) 551 – 2667
March 30 – April 5	90	4. California Dairies, Inc.	(562) 865 – 1291
	90	5. Nestle USA Food Group, Inc.	(209) 574 – 2000
	90	6. Cal-West Dairymen	(925) 939 – 3349
	90	7. F & A Dairy, Inc.	(209) 862 – 1732
	90	8. Nat'l Farmers' Organization	(209) 634 – 6455
	90	9. Dairy Farmers of America	(707) 763 – 1931

Period 5

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 5:</u>	<u>Phone Number:</u>
September 29 – October 5	90	1. Hilmar Cheese	(209) 667 – 6076
December 1 – 7	90	2. Central Valley Dairymen	(209) 551 – 2667
February 2 – 8	90	3. California Dairies, Inc.	(562) 865 – 1291
April 6 – 12	90	4. Nestle USA Food Group, Inc.	(209) 574 – 2000
	90	5. Cal-West Dairymen	(925) 939 – 3349
	90	6. F & A Dairy, Inc.	(209) 862 – 1732
	90	7. Nat'l Farmers' Organization	(209) 634 – 6455
	90	8. Dairy Farmers of America	(707) 763 – 1931
	90	9. Land O' Lakes	(530) 865 – 7626

Period 6

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 6:</u>	<u>Phone Number:</u>
October 6 – 12	90	1. Central Valley Dairymen	(209) 551 – 2667
December 8 – 14	90	2. California Dairies, Inc.	(562) 865 – 1291
February 9 – 15	90	3. Nestle USA Food Group, Inc.	(209) 574 – 2000
April 13 – 19	90	4. Cal-West Dairymen	(925) 939 – 3349
	90	5. F & A Dairy, Inc.	(209) 862 – 1732
	90	6. Nat'l Farmers' Organization	(209) 634 – 6455
	90	7. Dairy Farmers of America	(707) 763 – 1931
	90	8. Land O' Lakes	(530) 865 – 7626
	90	9. Hilmar Cheese	(209) 667 – 6076

2001 – 2002 Designated Supply Handlers for Procurement Region 2 (continued)

*Northern California Marketing Area Excluding the Counties of
Fresno, Kern, Kings, Tulare, Del Norte and Humboldt*

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Period 7

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 7:</u>	<u>Phone Number:</u>
October 13 – 19	90	1. California Dairies, Inc.	(562) 865 – 1291
December 15 – 21	90	2. Nestle USA Food Group, Inc.	(209) 574 – 2000
February 16 – 22	90	3. Cal–West Dairymen	(925) 939 – 3349
April 20 – 26	90	4. F & A Dairy, Inc.	(209) 862 – 1732
	90	5. Nat'l Farmers' Organization	(209) 634 – 6455
	90	6. Dairy Farmers of America	(707) 763 – 1931
	90	7. Land O' Lakes	(530) 865 – 7626
	90	8. Hilmar Cheese	(209) 667 – 6076
	90	9. Central Valley Dairymen	(209) 551 – 2667

Period 8

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 8:</u>	<u>Phone Number:</u>
October 20 – 26	90	1. Nestle USA Food Group, Inc.	(209) 574 – 2000
December 22 – 28	90	2. Cal–West Dairymen	(925) 939 – 3349
February 23 – March 1	90	3. F & A Dairy, Inc.	(209) 862 – 1732
April 27 – April 30	90	4. Nat'l Farmers' Organization	(209) 634 – 6455
	90	5. Dairy Farmers of America	(707) 763 – 1931
	90	6. Land O' Lakes	(530) 865 – 7626
	90	7. Hilmar Cheese	(209) 667 – 6076
	90	8. Central Valley Dairymen	(209) 551 – 2667
	90	9. California Dairies, Inc.	(562) 865 – 1291

Period 9

<u>For the Weeks of:</u>	<u>Percentage of Quota That Must Be Made Available</u>	<u>Ranked Order of Designated Supply Handlers for Period 9:</u>	<u>Phone Number:</u>
October 27 – November 2	90	1. Cal–West Dairymen	(925) 939 – 3349
December 29 – January 4, 2002	90	2. F & A Dairy, Inc.	(209) 862 – 1732
March 2 – 8	90	3. Nat'l Farmers' Organization	(209) 634 – 6455
	90	4. Dairy Farmers of America	(707) 763 – 1931
	90	5. Land O' Lakes	(530) 865 – 7626
	90	6. Hilmar Cheese	(209) 667 – 6076
	90	7. Central Valley Dairymen	(209) 551 – 2667
	90	8. California Dairies, Inc.	(562) 865 – 1291
	90	9. Nestle USA Food Group, Inc.	(209) 574 – 2000
